

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6483

BILL NUMBER: SB 193

NOTE PREPARED: Mar 26, 2007

BILL AMENDED: Mar 26, 2007

SUBJECT: Comprehensive Care Bed Moratorium Extension.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. C. Brown

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill extends the moratorium on new comprehensive care beds until June 30, 2008. The bill adds exemptions from the moratorium. The bill establishes a joint notification requirement for a health facility seeking to decertify a replacement bed and another health facility's request for certification of a replacement bed. It adds exemptions from the comprehensive care bed moratorium.

The bill prohibits a hospital from adding or constructing new facilities until June 30, 2008. It establishes an exception for hospitals under development.

The bill also requires the Health Finance Commission to study certain issues concerning hospitals.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) *Comprehensive Care Bed Moratorium:* The State Department of Health reported that extending the administration of a moratorium on the licensure of new nursing facility beds or facilities would have a negligible fiscal impact. The bill also prohibits the Indiana Health Facilities Council from certifying additional new or converted, but not replacement, comprehensive care beds for participation in the Medicaid reimbursement program through June 30, 2008. The bill would exempt the construction or conversions of comprehensive care beds that are intended to replace existing certified comprehensive care beds. This bill would exempt hospitals, continuing care retirement communities, a facility constructing a total of not more than 20 comprehensive care beds that will provide an innovative and unique approach to the delivery of comprehensive care, and health facilities under development on June 30, 2006, from the comprehensive care bed moratorium. The Department would likely reject applications for new licenses and Medicaid or Medicare certifications for affected facilities until the expiration of the

moratorium on June 30, 2008.

(Revised) *Hospitals Licensed Under IC 16-21*: The bill would impose a one-year moratorium on construction for hospitals licensed or to be licensed as a hospital. The Department would likely reject applications for new licenses and Medicaid or Medicare certifications for affected facilities until the expiration of the moratorium on June 30, 2008.

(Revised) *Health Finance Commission*: The bill requires the Health Finance Commission to study three topics during the 2007 interim session: (1) whether hospitals, including specialty hospitals should be placed under a moratorium from adding or constructing new facilities; (2) whether specialty hospitals should be restricted from presenting their facilities to the public as a hospital; and (3) whether the statutory definition of the term hospital should include or exclude certain specialty health facilities.

During the 2006 interim, the Health Finance Commission spent approximately \$7,800 and held two meetings. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$16,500 per interim for committees with 16 members or more, such as the Health Finance Commission.

Explanation of State Revenues: (Revised) Depending on the number of applications rejected, license fee revenues would not be collected for any new beds or facilities delayed due to the one-year moratorium extension. A nursing facility pays a \$200 fee for the first 50 additional beds and \$10 for each bed in excess of 50. Hospital license fees are charged on the basis of total operating expense as reported to the Department in the most recently filed hospital fiscal report. Fees range from \$1,000 to \$5,000 annually. License fee revenue is deposited in the General Fund. This bill does not affect the renewal of existing licenses.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Health; Family and Social Services Administration, Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: State Department of Health and the legislative Services Agency.

Fiscal Analyst: Kathy Norris, 317-234-1360.